

Ag Economics and the 62nd Montana Legislature

A grain farmer's perspective

I am Lochiel Edwards, and it is my business to produce grain for local, national and international customers. I am not an economist, nor an expert on creating jobs for Montanans. But any successful business owner is an expert in the economics surrounding his/her own business, and cannot help but create jobs in proportion to the success of that business.

Grain production is Montana's largest industry, and is made of thousands of businesses just like mine. Together we supply the high-quality wheat for Montana flour mills, for the bread companies like Wheat Montana and Great Harvest, and for Pasta Montana (which uses our durum wheat). Our barley is malted at the new world-class facility in Great Falls or sold directly to Anheuser Busch and Coors Brewing. Some of the oilseeds we grow are crushed for cooking oil or fuel. And, of course, part of our grain is fed locally to livestock.

Most of our grain is shipped to national and international markets, and we spend a lot of effort establishing and maintaining those customers.

"How can we create jobs for Montanans?" is your question.

Frankly, our industry did not reduce our workforce in the recent recession; and we are not likely to put more workers on as the statewide economy improves. The jobs we can and will create are in the supporting sectors which rely on our economic health. When we experience a good farm economy, we gear up for maximum production. This is what creates jobs and supports the cities and towns across the plains of Montana.

When we do well, statewide business grows. The fertilizer and machinery and seed dealers, the grain elevators, the railroad and trucking sectors, the local chemical and fuel suppliers—all these ramp up when grain producers can be aggressive with their business.

So, what can you do for the grain industry? The Montana Legislature cannot raise the prices of our wheat, barley, peas, lentils, oats, or any other grain, and I don't think you can make it rain at all the right times, even if several thousand farmers could agree on when that would be.

No, but what you can do is help us create a business environment which encourages investment, growth, and innovation.

Your farmers, like most Montanans, view the government's role as being the vehicle to deliver laws and programs which citizens cannot achieve on their own. We believe this role is proper in the areas of education and research, of infrastructure, of regulation, and, of course, taxes to pay for all this. But, perhaps it is also government's role to eliminate barriers to business. I will detail some specific issues important to grain farmers, which will cross your desk in this session.

- Property taxes- farmers don't like them, but I see no rebellion afoot, other than widespread suspicion that the latest reappraisal was fraught with mistakes... you might want to fix that.
- Business equipment taxes- a major deterrent to equipment purchases and a penalty for those who grow their business. Farmers were poorly treated last time this was addressed, and they remember that.
- Education and Research- Farmers are very involved in their local K-12 systems, so that is important. But I would specifically mention MSU, its College of Ag, and the network of Experiment Stations. We feel that the College of Ag and particularly its experiment stations have perennially been treated like the red-headed stepchild. Over the years, MSU research has been a major contributor in the economic development of agriculture. Advances in wheat and barley varieties alone have paid back to the state much more than the cost. Add to that the research on pests, diseases, fertilizer utilization, and cropping systems, and it should make you wonder why this doesn't get more priority. Our number one problem today in the wheat industry is the broad infestation of wheat stem sawfly, which is costing us in excess of \$100 million a year. Your help with public research will be appreciated.
- Biotechnology- Along the same research vein, biotechnology has drawn fire in recent legislatures, and I expect more of the same this time. Science has found no health concerns, but we continue to hear that the sky will fall when biotech wheat and barley become available. Montana farmers are innovators, and to stifle this innovation would be to stifle the single largest driver of the Montana economy. There are small segments of Montana agriculture who continue to disparage commercial agriculture as "unhealthy" or "unsustainable", and most of us are getting darned tired of these false claims.
- Environmental Regulations- Some are warranted, but let's always ask the question, "Is this really necessary?" The EPA has lost its way; if you can help us with that, then thank you. *preserving*
- The Railroad- I am compelled to say a few words about BNSF Railway in the context of grain production. We consider BNSF to be an important supporting industry because they haul more than 80% of our grain to markets and export terminals. Their service is excellent and we pay them well. To their credit they have come to the table with an honest effort to work with us on freight rates and market development. But there are some in Montana who haven't received the memo that a new generation of grain producers are working with all the supporting industries to tackle and solve issues. We have come to understand that punitive action against railroads will ultimately be borne by their customers (and that is us). Conversely, we are also in a position to benefit if tort reform or business equipment tax reductions were applied.
- Grain Elevator Bonding- I know some of you are working on this. I will just say that bonding requirements are grossly insufficient, and this must be remedied.

You will address many of these issues, and a lot more that are of interest to my industry. In summary, ag revenues are rising and I think you will start to see that coming into the state coffers starting in April. Give us room to breathe and the latitude to innovate, and we will put more Montanans to work.